

Message Text

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PAGE 01 CARACA 02083 101244 Z

53

ACTION ARA-17

INFO OCT-01 AF-10 EUR-25 EA-11 NEA-10 ADP-00 AID-20 EB-11

NSC-10 RSC-01 CIEP-02 SAL-01 SS-14 STR-08 OMB-01

CEA-02 L-03 H-02 PA-03 PRS-01 USIA-12 CIAE-00 COME-00

FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 OPIC-12 LAB-06

SIL-01 INT-08 RSR-01 /211 W
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R 092048 Z MAR 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9026

INFO AMEMBASSY BEIRUT

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIMA

AMEMBASSY LONDON

USMISSION OECD PARIS

AMEMBASSY PORT OF SPAIN

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USINT ALGIERS

AMCONSUL DHAHRAN

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E. O. 11652: N/A

TAGS: ENRG VE OPEC

SUBJECT: PRESENTATION OF METHYL FUEL PROJECT

1. REPRESENTATIVES OF ALLSTATES DESIGN AND DEVELOPMENT
COMPANY, INC. OF TRENTON, N. J. AND ITS AFFILIATE VOLCAN
CINCINNATI PRESENTED AT A PRESS CONFERENCE IN CARACAS MARCH 9
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PAGE 02 CARACA 02083 101244 Z

THEIR PROPOSAL FOR A METHYL FUEL PROJECT. PRESS CONFERENCE WAS CONDUCTED BY ALLSTATES LOCAL REPRESENTATIVE, RAFAEL GUARIGUATA, IN THE PRESENCE OF CHARLES JESTER AND JOHN CANTWELL, PRESIDENT AND VICE PRESIDENT, RESPECTIVELY, OF ALLSTATES. ABOUT 40 PERSONS ATTENDED SESSION REPRESENTING PRESS, MINISTRY OF MINES AND HYDROCARBONS AND IVP.

2. IT WOULD APPEAR METHYL FUEL PROJECT ALREADY HAS SUPPORT OF ACCION DEMOCRATICA PARTY SINCE HECTOR HURTADO, AD CONGRESSMAN, ECONOMIC EXPERT, AND RUMORED AD CHOICE FOR MINISTER OF MINES AND HYDROCARBONS, SAT ON PLATFORM WITH ALLSTATES REPRESENTATIVE DURING THEIR PRESENTATION. ALLSTATES ALSO SEEMS TO HAVE GOOD TIES TO CONGRESS THROUGH ITS LOCAL REPRESENTATIVE, GUARIGUATA, WHO IS AN ADVISOR TO CONGRESSIONAL COMMITTEE ON MINES AND HYDROCARBONS. GOVERNMENT'S ATTITUDE MAY BECOME KNOWN NEXT WEEK WHEN ALLSTATES MAKES ITS FORMAL PRESENTATION TO OFFICIALS OF MINISTRY OF MINES AND HYDROCARBONS. PROJECT SEEMED TO BE FAVORABLY RECEIVED AT PRESS CONFERENCE, JUDGING FROM QUESTIONS FROM PRESS REPRESENTATIVES, BUT THERE WERE SOME HOSTILE QUESTIONS FROM IVP (GOVERNMENT PETROCHEMICAL COMPANY) REPRESENTATIVE WHO SEEMED TO FAVOR A RIVAL ICI PROCESS.

3. CANTWELL HAS PROVIDED TO EMBASSY FULL DETAILS OF PROJECT, WHICH EMBASSY WILL SEND BY AIR POUCH. BASICALLY, THE PROJECT WOULD TRANSFORM 470 MILLION CUBIC FEET PER DAY OF NATURAL GAS INTO 15,000 TONS PER DAY OF METHYL FUEL (A LIQUID CONTAINING METHANOL AND HIGHER ALCOHOLS), 35,000 B/D OF LPG, PLUS A SUBSTANTIAL QUANTITY OF HYDROGEN . THE PLANT WOULD COST \$166 MILLION OF WHICH FIRST NATIONAL BANK OF BOSTON WOULD PROVIDE 75 PERCENT. THE MAJORITY OF SHARES WOULD BE HELD BY GOVERNMENT WITH MINORITY INTEREST DIVIDED AMONG OPERATING COMPANY (PROBABLY A U. S. OIL COMPANY), VENEZUELAN PRIVATE INVESTORS, BANK WHICH FINANCES THE PROJECT, AND BUYER OF PRODUCT. ALLSTATES SAYS IT HAS IN HAND LETTERS OF COMMITMENT FROM SIX POTENTIAL U. S. BUYERS, EACH OF WHICH WOULD BE PREPARED TO TAKE FULL OUTPUT OF PLANT FOR 20- YEAR PERIOD. DEVINE

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TAGS: ENRG, VE, OPEC
To: ARA
BEIRUT
JAKARTA
JIDDA
KUWAIT
LAGOS
LIMA

LONDON
SECSTATE WASHDC

Type: TE

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